

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

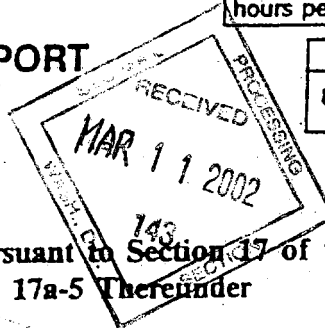
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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

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Expi. 02021461
Estin.
hours per response ... 12.00

SEC FILE NUMBER

8- 38830



REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

RAINBOW INTERNATIONAL EQUITIES INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

396 BROADWAY, SUITE 1003

(No. and Street)

NEW YORK

NY

10013

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

GREGORY YAN

(212)219-2480

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

STEPHEN SUN, CPA

(Name — if individual, state last, first, middle name)

109 LAFAYETTE STREET, SUITE C2, NEW YORK, NY 10013

Address

(City)

(State)

Zip Code

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 22 2002

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THOMSON
FINANCIAL

Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant
must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

3/30/02
[Signature]

OATH OR AFFIRMATION

GREGORY YAN

I, _____, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RAINBOW INTERNATIONAL EQUITIES INC _____, as of DECEMBER 31, 2001 _____, 19_____, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

President

Title

THONG TO DUY
Notary Public, State of New York
No. 31-4663936
Qualified in New York County
Commission Expires March 30, 2002
Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

EXHIBIT A

RAINBOW INTERNATIONAL EQUITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

CASH	\$	36,823	
ACCOUNTS RECEIVABLE		<u>837</u>	
TOTAL CURRENT ASSETS	\$		37,660

FIXED ASSETS

FURNITURE & FIXTURE	\$	13,228	
LESS: ACCUMULATED DEPRECIATION		<u>(13,228)</u>	
NET BOOK VALUE			0
MACHINERY & EQUIPMENT		51,177	
LESS: ACCUMULATED DEPRECIATION		<u>(43,242)</u>	
NET BOOK VALUE		<u>7,935</u>	
TOTAL FIXED ASSETS			7,935

OTHER ASSETS

DEPOSITS-RENT		4,700	
DEPOSITS		2,093	
DEPOSITS-CLEARING BROKER		<u>25,000</u>	
TOTAL MISCELLANEOUS ASSETS			<u>31,793</u>

<u>TOTAL ASSETS</u>	\$	<u><u>77,388</u></u>
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EXHIBIT A

RAINBOW INTERNATIONAL EQUITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2000

LIABILITIES & SHAREHOLDERS' EQUITIES

CURRENT LIABILITIES

ACCRUED TAXES PAYABLE	\$	455
ACCRUED EXPENSES PAYABLE		<u>2,993</u>

TOTAL CURRENT LIABILITIES	\$	3,448
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SHAREHOLDERS' EQUITIES

CAPITAL STOCK	100,000
RETAINED EARNINGS - PRIOR YEAR	(17,570)
RETAINED EARNINGS - CURRENT YEAR	<u>(8,490)</u>

TOTAL SHAREHOLDERS' EQUITIES	<u>73,940</u>
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<u>TOTAL LIABILITIES & SHAREHOLDERS' EQUITIES</u>	\$	<u><u>77,388</u></u>
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EXHIBIT A-1

RAINBOW INTERNATIONAL EQUITIES, INC.
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2001

TOTAL STOCKHOLDERS' EQUITY (EXHIBIT A)	\$ 73,940
DEDUCT:	
NON-ALLOWABLE ASSETS	<u>14,728</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	59,212
HAIRCUTS ON SECURITIES	<u>0</u>
NET CAPITAL	<u><u>\$ 59,212</u></u>

EXHIBIT A-2

RAINBOW INTERNATIONAL EQUITIES, INC.
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT
DECEMBER 31, 2001

MINIMUM NET CAPITAL REQUIRED: 6-2/3% OF AGGREGATE INDEBTEDNESS	\$ 230
MINIMUM DOLLAR NET CAPITAL REQUIREMENT	<u>5,000</u>
NET CAPITAL REQUIREMENT	<u>\$ 5,000</u>
NET CAPITAL - SCHEDULE A-1	\$ 59,212
LESS: NET CAPITAL REQUIREMENT	<u>5,000</u>
EXCESS NET CAPITAL	<u>\$ 54,212</u>

EXHIBIT B

RAINBOW INTERNATIONAL EQUITIES, INC.
STATEMENT OF OPERATIONS
DECEMBER 31, 2001

INCOME

COMMISSION INCOME	\$ 20,699
INTEREST INCOME	<u>617</u>

TOTAL INCOME	\$ 21,316
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OPERATING EXPENSES

BANK CHARGES	30
DEPRECIATION EXPENSES	3,784
INFORMATION SYSTEM SERVICES	4,212
INSURANCE	362
NY STATE AND LOCAL CORPORATION T	455
OFFICE EXPENSES	850
PROFESSIONAL FEES	1,440
POSTAGE	288
RENT	14,400
TELEPHONE	<u>3,985</u>

TOTAL OPERATING EXPENSES	<u>29,806</u>
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NET INCOME	\$ <u><u>(8,490)</u></u>
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RAINBOW INTERNATIONAL EQUITIES, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION-CASH BASIS
DECEMBER 31, 2001

CASH FLOW FROM OPERATING ACTIVITIES:	
NET INCOME	\$ (8,490)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
DEPRECIATION	3,784
(INCREASE) DECREASE IN:	
DUE FROM BROKER	640
ACCRUED TAXES	(154)
ACCRUED EXPENSES	<u>1,294</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	(2,926)
CAPITAL EXPENDITURES	
ADDITIONS TO MACHINERY & EQUIPMENT	<u>(4,000)</u>
TOTAL CASH FLOW	<u>\$ (6,926)</u>
CASH AND CASH EQUIVALENTS	
AT BEGINNING OF YEAR	(43,749)
AT END OF YEAR	<u>36,823</u>
DECREASE IN CASH FLOW	<u>\$ (6,926)</u>

RAINBOW INTERNATIONAL EQUITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. RAINBOW INTERNATIONAL EQUITIES, INC. WAS INCORPORATED IN THE STATE OF NEW YORK IN DECEMBER 1987. ACTUAL OPERATIONS DID NOT COMMENCE UNTIL MARCH 1988.

2. COMPUTATION OF NET CAPITAL

THERE ARE NO MATERIAL DIFFERENCES IN THE COMPUTATION OF NET CAPITAL BETWEEN THE AUDITED REPORT AND THE CORRESPONDING UNAUDITED PART II A OF THE FOCUS REPORT.

3. RESERVE REQUIREMENTS

THE COMPANY IS EXEMPT FROM THE RESERVE REQUIREMENTS OF 15C3 - 3 UNDER K (2) (B) OF THE SECTION.

4. ACCOUNTING SYSTEM

THERE WERE NO MATERIAL INADEQUACIES IN THE FINANCIAL RECORD DEEPIING AND ACCOUNTING PROCEDURES FOLLOWED BY THE COMPNY.

STEPHEN SUN, C.P.A.

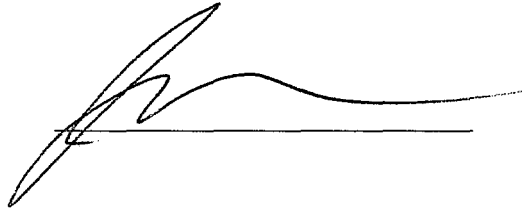
109 LAFAYETTE STREET, SUITE C2, NEW YORK, N.Y. 10013
TEL: (212) 966-1355 • FAX: (212) 966-5588

The Board of Directors
Rainbow International Equities, Inc.
396 Broadway, Suite 1003
New York, NY 10013

I have examined the statement of financial condition of Rainbow International Equities Inc. as of December 31, 2001 and the related statements of income and expense, and changes in stockholders' equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the aforementioned financial statements present fairly the financial position of Rainbow International Equities, Inc. at December 31, 2001, and the results of its operations, and stockholders' equity for the year then ended, in conformity with generally accepted accounting principles.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'S. Sun', written over a horizontal line.

New York, NY

February 27, 2002